

## Master Settlement Agreement

### DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

A majority of the county's total proceeds are used each year to finance a portion of the Arrowhead Regional Medical Center debt.

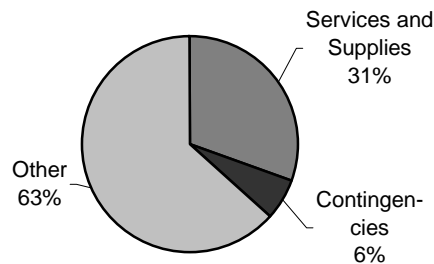
There is no staffing associated with this budget unit.

### BUDGET AND WORKLOAD HISTORY

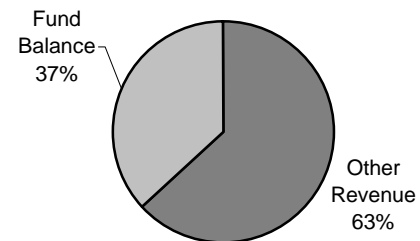
	<b>Actual 2003-04</b>	<b>Budget 2004-05</b>	<b>Estimate 2004-05</b>	<b>Proposed 2005-06</b>
Appropriation	17,730,393	29,365,478	18,537,136	29,938,224
Departmental Revenue	18,470,707	18,596,435	18,801,375	18,904,942
Fund Balance		10,769,043		11,033,282

In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, actual expenditures in this fund are typically less than budgeted. The amount not expended is carried over to the subsequent year's budget.

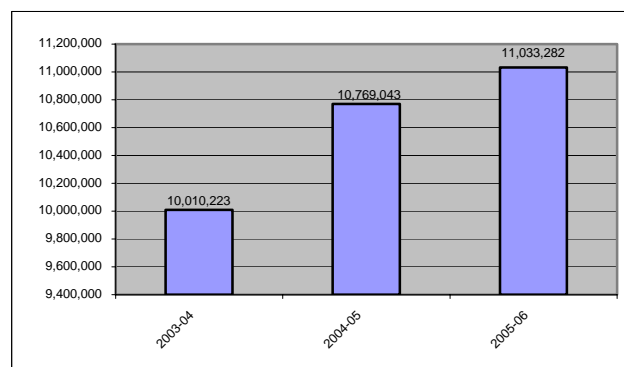
### 2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY



### 2005-06 BREAKDOWN BY FINANCING SOURCE



### 2005-06 FUND BALANCE TREND CHART



GROUP: Administrative/Executive  
DEPARTMENT: Master Settlement Agreement  
FUND: Tobacco Settlement Agreement

BUDGET UNIT: RSM MSA  
FUNCTION: General  
ACTIVITY: Finance

ANALYSIS OF 2005-06 BUDGET

	A	B	C	D	B+C+D E	F Department Recommended Funded Adjustments (Schedule A)	E+F G
	2004-05 Year-End Estimates	2004-05 Final Budget	Cost to Maintain Current Program Services	Board Approved Adjustments	Board Approved Base Budget		2005-06 Proposed Budget
<b>Appropriation</b>							
Services and Supplies	(95,864)	10,732,478	-	-	10,732,478	(1,594,948)	9,137,530
Contingencies	-	-	-	-	-	1,867,694	1,867,694
Total Appropriation	(95,864)	10,732,478	-	-	10,732,478	272,746	11,005,224
Oper Transfers Out	18,633,000	18,633,000	-	-	18,633,000	300,000	18,933,000
Total Requirements	18,537,136	29,365,478	-	-	29,365,478	572,746	29,938,224
<b>Departmental Revenue</b>							
Use Of Money & Prop	222,689	220,000	-	-	220,000	8,000	228,000
Other Revenue	18,578,686	18,376,435	-	-	18,376,435	300,507	18,676,942
Total Revenue	18,801,375	18,596,435	-	-	18,596,435	308,507	18,904,942
Fund Balance		10,769,043	-	-	10,769,043	264,239	11,033,282

In the 2004-05 year-end estimates column above, there is a negative \$95,864 in the services and supplies line due to the cancellation of a prior year encumbrance that was no longer needed.

This budget unit is used to account for tobacco settlement proceeds and to disburse these proceeds to other budget units for health related costs, consequently, there are no costs to maintain current program services. Department recommended adjustments reflect appropriation increases resulting from increases in tobacco settlement proceeds and anticipated fund balance changes.

DEPARTMENT: Master Settlement Agreement  
FUND: Tobacco Settlement Agreement  
BUDGET UNIT: RSM MSA

SCHEDULE A

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Fund Balance
1. Budget for Contingency The County Administrative Office is recommending a contingency be established that is equal to 10% of projected revenues	-	1,867,694	-	1,867,694
2. Increase in Operating Transfers Out The expected increase in revenue growth is being utilized as financing available for the general fund. Total financing available to the general fund for health related departments now totals \$3,933,000.	-	300,000	-	300,000
3. Increase in Interest Income Based on increasing cash balances and an estimated increase in interest earnings.	-	-	8,000	(8,000)
4. Increase in Tobacco Settlement Proceeds Increase in projected annual payment for 2005-06 from the Tobacco Settlement. Increase based on cigarette consumption projections as of October 2002.	-	-	300,507	(300,507)
5. Decrease in available one-time money One-time funds are decreased in this budget unit as a result of budgeting 10% of projected revenues as a contingency, coupled with the increase in operating transfers out to finance the health related departments.	-	(1,594,948)	-	(1,594,948)
<b>Total</b>	-	572,746	308,507	264,239

